

Technical Amendment
June 28, 2019

105 KAR 1:170. Membership form requirements.

RELATES TO: KRS 16.530, 61.525, 61.526, 61.540, 61.542, 61.545, 61.625, 78.540

STATUTORY AUTHORITY: KRS 61.645(9)(e)~~(g)~~, 26 C.F.R. 1.401-1(b)(1)(i), 26 U.S.C. 401(a)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 61.645(9)(e)~~(g)~~ authorizes the Board of Trustees of Kentucky Retirement Systems to promulgate all administrative regulations necessary or proper in order to carry out the provisions of KRS 61.515 to 61.705, 16.510 to 16.652, and 78.520 to 78.852. KRS 16.530, 61.526 and 61.540 require a member of the Kentucky Employees Retirement System, County Employees Retirement System or State Police Retirement System to file information with the Board of Trustees as a condition of membership. KRS 61.542 requires a member to file a designation of beneficiary. KRS 61.625 establishes the conditions under which a member may apply for a refund. 26 U.S.C. 401(a) provides that a qualified pension plan cannot make distributions prior to normal retirement age if a separation from service has not occurred. This administrative regulation establishes the information required for membership and establishes that the member shall not receive a refund unless the member has terminated employment.

Section 1. An employee eligible for participation on the date his agency first participates shall complete a "Form 2010, Election or Rejection of Participation", designating his desire to participate in or waive participation and benefits in the retirement system. The original form shall be kept on file in the retirement office.

Section 2. Within thirty (30) days of participation, an employee who is required to participate or who elects to participate shall complete a "Form 2001, Membership Information". The membership form shall be kept on file in the retirement office.

Section 3. An employee may also complete a "Form 2035, Beneficiary Designation" which shall be sent to the retirement office.

Section 4. (1) If an employee is simultaneously eligible to participate in more than one (1) of the Kentucky Retirement Systems, the employee may elect to participate in only one (1) system and waive participation in and any rights to benefits from the employment in the other system during the period of simultaneous employment.

(2) The employee shall notify the retirement system in writing of his intent to exercise this right under KRS 61.545(3). Upon receipt of the notification, the retirement system shall provide the employee with an estimate of the benefits that may be forfeited by the employee and the "Form 2026, Simultaneous Employment Choice of Systems", necessary for making an election.

(3) If the employee does not complete and return the form, the employee shall participate in both systems simultaneously and his service shall be prorated between the systems based on his ratio of his creditable compensation in each system to his total creditable compensation from all systems.

(4) If the employee submits the completed form, the employer that participates in the system in which the employee rejected participation shall be notified that it shall not report creditable compensation or contributions on the employee for the period of simultaneous employment. If contributions were reported prior to receipt of the form, the employer and employee contributions shall be refunded to the employer and employee and all service credit under that system shall be deleted from the employee's account for the period of simultaneous employment.

Section 5. Pursuant to KRS 61.625, an employee who is not vested for monthly benefits may request a refund of his account by completing and returning a "Form 4525, Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection". The Kentucky Retirement Systems shall not issue a refund to a member unless the member has terminated employment with his employer.

Section 6. Incorporation by Reference. (1) The following material is incorporated by reference:

(a) Form 2010, "Election or Rejection of Participation", 12/2006;

(b) Form 2001, "Membership Information", 2/02;

(c) Form 2035, "Beneficiary Designation", 6/03;

(d) Form 2026, "Simultaneous Employment Choice of Systems", 5/98; and

(e) Form 4525, "Application for Refund of Member Contributions and Direct Rollover/Direct Payment Selection", 5/08.

(2) This material may be inspected, copied or obtained, subject to applicable copyright law, from the Kentucky Retirement Systems office at Perimeter Park West, 1260 Louisville Road, Frankfort, Kentucky 40601, Monday through Friday, 8 a.m. to 4:30 p.m. (18 Ky.R. 927; 1323; eff. 11-8-1991; 19 Ky.R. 2290; eff. 6-7-1993; 25 Ky.R. 589; eff. 11-20-1998; 29 Ky.R. 762; 1247; eff. 11-12-2002; 35 Ky.R. 103; 536; eff. 10-3-2008; TAm eff. 6-28-2019; Crt eff. 6-28-2019.)